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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 6

NIHON KEIZAI (Page 2) (Full)

April 7, 2006

10:50

Met at Kantei with MOFA Middle Eastern and African Affairs Bureau

chief Yoshikawa, METI Trade Policy Bureau chief Kitamura, and others.

13:08

Attended a Lower House plenary session.

15:52

Met at Kantei with LDP Administrative Reform Promotion Headquarters chief Eto and Secretary General Hayashi.

16:05

Met Asahi Beer adviser Yuzo Seto, followed by National Police Agency Commissioner General Uruma.

17:28

Met Economic and Fiscal Policy Minister Yosano.

18:40

Met with Prince Sultan of Saudi Arabia. Afterward jointly signed an MOU on policy talks.

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19:17

Hosted a dinner party.

20:41

Met former Prime Minister Mori.

4) DPJ presidential election today; Ozawa leading Kan

YOMIURI (Top Play)

April 7, 2006

The Democratic Party of Japan (DPJ = Minshuto) will hold a plenary meeting of its members of the both Diet chambers this afternoon and pick a successor to Seiji Maehara, who has announced his intension to step down, through a vote of its 192 lawmakers. Ichiro Ozawa (63), former party vice president, and Naoto Kan (59), former party president, will file their candidacies in the morning. Individual interviews with DPJ members by the Yomiuri Shimbun found that as of yesterday evening, Ozawa was in the lead, gaining support from 97, a majority. Kan is catching up, however, securing support from mid-tier and junior members. Ozawa and Kan met in Tokyo yesterday evening and agreed to work to enhance unity within the party regardless of who is elected party leader.

5) Minshuto (Democratic Party of Japan) presidential race: No essential difference found between Ozawa, Kan in their respective views of security, Constitution

YOMIURI (Page 4) (Excerpts)

April 7, 2006

Minshuto's presidential race is certain to be a contest between two veteran lawmakers in the party. Former party Vice President Ichiro Ozawa and former party President Naoto Kan will today announce their candidacies. The focus of the election is how the two influential lawmakers will hammer out their respective roadmaps to rebuild the party and what policy they will come up with to counter the Koizumi administration. There is no essential difference between the two in terms of their respective policies and their methods of party management, but a difference in their unique abilities stemming from their respective political experiences is felt.

At the time of the September 2003 merger between Minshuto and the former Liberal Party (Jiyuto) led by Ozawa, there was a gap in security policy between Ozawa and Kan. Ozawa's idea is to set up a standby unit for United Nations-led peacekeeping operations separately from the Self-Defense Forces in order to realize Japan's active participation in UN activities. Kan later came around to Ozawa's idea in 2004, when he served as president of the party. Basically, the two now share the same stance on security policy.

Ozawa has shown his enthusiasm about revising the Constitution. Kan also, when he was president of the party in 2004, declared his intention to put together an amendment to the Constitution. In the area of foreign affairs, both Ozawa and Kan emphasize relations with the United States as well as China. There is no essential difference in policies between the two.

6) Futenma relocation: JDA chief to meet with Nago mayor for last-minute consultations

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MAINICHI (Page 2) (Full)  
April 7, 2006

By Hiroe Ueno

In order to discuss the planned relocation of the US military's Futenma Air Station from Ginowan City, Okinawa Prefecture, to a coastal area of Camp Schwab in Nago City in the prefecture, Nago Mayor Yoshikazu Shimabukuro will today come to Tokyo. He will meet with Defense Agency (JDA) Director General Fukushima Nukaga and hold last-minute consultations with him in trying to reach an agreement on the relocation issue. A plan is being considered in the government that if the two reach an agreement, Okinawa Gov. Keiichi Inamine will come to Tokyo as early as tomorrow and meet with Prime Minister Junichiro Koizumi.

Shimabukuro met with Nukaga on April 4. As of April 6, he spelled out the results of the consultations between him and the central government to the heads of three districts - Henoko, Toyohara, and Kushi - located in the vicinity of Camp Schwab, the ruling groups of the municipal assembly, senior members of his support group, and others. He has been given a free hand by them on whether to accept Tokyo's proposal. Nago City has stated, "We intend to finalize the issue during the consultations this time." Depending on what the JDA comes up with in the planned meeting (today), the relocation issue could be settled all at once.

On the coastal plan for the relocation of the airfield, Nago City has called on the central government to remove the districts of Henoko, Toyohara, and Abe from the flight routes of US aircraft and move the relocation site offshore. The JDA has offered minor changes to the plan that will turn the runway 10 degrees counterclockwise and move it a few dozen meters toward the ocean side.

7) Futenma relocation: Government to present revised plan; Nukaga, Shimabukuro to make final coordination today

ASAHI (Page 1) (Abridged)  
April 7, 2006

Defense Agency Director General Fukushima Nukaga and Nago Mayor Yoshikazu Shimabukuro are scheduled to hold revision talks in Tokyo this afternoon to make final arrangements for reaching an agreement on a plan to relocate Futenma Air Station from Ginowan to Cape Henoko in Nago. The Defense Agency is expected to present a revised, compromise plan to Nago, which has been calling for moving the envisaged runway further offshore.

Administrative Vice Defense Minister Takemasa Moriya said in a press conference yesterday, "We definitely want to reach a conclusion with Nago." A government source also noted, "The two sides could reach an agreement any moment now."

Prime Minister Koizumi, a proponent of the Cape Henoko plan in principle, has left talks with Nago entirely to Nukaga. Prior to his talks with Shimabukuro today, Nukaga is scheduled to see Koizumi to brief him on past developments and discuss policy on today's talks.

In past talks with Nago, the Defense Agency has proposed turning

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the runway to be built at Cape Henoko 10 degrees counterclockwise in order to remove residential areas from the flight path. But Nago insisted on moving the runway further offshore.

Shimabukuro told a confidant yesterday: "I was able to elicit major concessions from the government. I expect the government will present a (revised) plan in the next talks." Nago intends to make a decision after seeing the plan.

Shimabukuro held talks with Okinawa Gov. Keiichi Inamine in Okinawa City last night, in which the mayor said, "In dealing with the government, I will continue to stick to the conditions presented by Nago." In response, Inamine reiterated that Okinawa would not accept the government plan.

8) USFJ realignment: Moves afoot for political settlement of dispute over Guam relocation cost

YOMIURI (Page 2) (Abridged slightly)  
April 7, 2006

Japan and the United States ended their talks on the realignment of US forces in Japan on April 5 one day earlier than expected, with the two sides remaining divided over the cost of relocating US Marines to Guam from Okinawa. Some officials in the government are now calling for a political settlement at minister-level negotiations. A Foreign Ministry official said, "A settlement at a meeting of administrative officials would be difficult."

In an April 4-5 meeting, the US side proposed that Japan pay 75% of the 10 billion dollar (1.1 trillion yen) cost of moving the Marines, but the Japanese side reiterated its position that it would offer to lend the US 3 billion dollars (333 billion yen) for housing. As a result, the talks ended with the gulf remaining wide. Washington also proposed grant assistance, besides loans, from the general account budget. Tokyo reportedly refused the request, however.

The reason for the talks ending earlier than scheduled is because coordination has been stalled between the Japanese government and local communities on a plan to move the US Marine Corps Futenma Air Station to the coast of Camp Schwab.

The US side has stated that a final report on the USFJ realignment will not be crafted unless the coordination with local communities is concluded. Prime Minister Junichiro Koizumi also said, "I would like to make efforts as much as possible to obtain understanding and cooperation from (local residents)." Tokyo and Washington have to move ahead with their talks while watching the development of coordination between the government and the city of Nago in Okinawa.

At a press conference yesterday, Vice Defense Minister Takemasa Moriya stated on the Guam relocation cost issue:

"A final judgment will be made by the defense chief. We are negotiating based on the thinking that administrative officials should boil down details prior to talks between the defense chiefs."

Moriya indicated that the issue would be resolved by Defense Agency Director General Fukushima Nukaga and US Secretary of

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Defense Donald Rumsfeld.

9) Futenma relocation: JDA during today's talks to sound out Nago about mapping out joint paper

NIHON KEIZAI (Page 2) (Full)  
April 7, 2006

In a bid to bring progress to the issue of relocating US forces' Futenma Air Station in Ginowan to Nago, Okinawa Prefecture, the Defense Agency (JDA) yesterday started considering the

possibility of sounding out the city about the drafting of a joint paper outlining the relocation plan. In order to find a breakthrough in the continuing confrontation with the city, the JDA wants to use the joint paper as a basis for future talks, by incorporating in it principles which both sides find acceptable.

JDA Director General Fukushima Nukaga will meet with Nago Mayor Yoshikazu Shimabukuro again today. He will work on him to agree to map out a joint paper.

The JDA conveyed its view to Nago in late March that it would be difficult to substantially alter the government's relocation plan. The joint paper will be drafted in line with this policy stance. However, taking Nago's request into consideration, the planned paper will mention that the flight routes for US military aircraft will avoid residential areas. The paper will likely stop short of mentioning how the planned flight routes will be moved. It will instead just note that the issue will be worked out in the future. How Nago will respond to the proposals will be the focus of today's meeting.

Vice JDA Minister Takemasa Moriya during yesterday's press briefing announced that today's meeting with Shimabukuro will be the final negotiations with the city. Regarding the cost of relocating the US Marine Corps to Guam, he explained, "We will report the issue to related cabinet ministers for a political judgment." He thus revealed plans to seek a settlement at bilateral defense talks between Nukaga and US Defense Secretary Rumsfeld, after a policy decision is made at a meeting of related cabinet ministers.

10) Tokyo aims to settle outstanding issues in US force realignment at working-level talks set for next week

MAINICHI (Page 2) (Excerpts)  
April 7, 2006

By Yoso Furumoto

With a meeting between Defense Agency (JDA) Director-General Fukushima Nukaga and Nago Mayor Yoshikazu Shimabukuro arranged for today, local coordination by the central government on the planned relocation of the US military's Futenma Air Station is about to enter the homestretch. Japan-US working-level talks on the realignment of US forces in Japan, which had started in Washington on April 4, were called off after two days of discussion, but the talks have been rescheduled to occur in Tokyo April 13-14. This move apparently has come out of the necessity of waiting for the completion of local coordination on the Futenma relocation plan.

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Nukaga intends to obtain consent from Nago City (on the relocation plan) before the end of the week and then look to finalize the issue of cost sharing between Japan and the United States on the relocation of US Marines from Okinawa to Guam at Japan-US working-level talks set for next week.

In order to prepare during the current session of the Diet legislation necessary for Japan to facilitate the US force realignment, including Japan's payment of the Guam relocation cost, Tokyo thinks it is necessary for both the countries to reach a final agreement by mid-April. If Tokyo fails in coordination with Nago City, it will be forced to make a difficult decision on whether to push ahead with what is included in the Japan-US agreement without local consent. Depending on the circumstances, the US could toughen its stance.

11) Five cabinet ministers to reconsider Japan's response, following end of Japan-US talks on Guam relocation cost without agreement

ASAHI (Page 4) (Full)  
April 7, 2006

Japan and the US ended talks between their foreign and defense deputy directors general on the realignment of US military forces in Japan on April 5 (local time). Both sides remained divided over the cost of relocating US Marines from Okinawa Prefecture to Guam. The Japanese government will revamp its proposals in preparation for talks scheduled for April 13-14. But the US government is still calling on Japan to pay 75% of the total relocation cost. No prospects are in sight for an agreement.

A senior official of the Defense Agency (JDA) admitted that there is still a wide gap between Japan and the US over relocation cost sharing.

The US has proposed that Japan pay about 7.5 billion dollars (881.5 billion yen) of the total cost of 10 billion dollars. But Japan reportedly restated that it would defray approximately 3 billion dollars (352.5 billion yen), mainly for constructing housing, under a loan formula.

Administrative Vice JDA Director General Takemasa Moriya said in a press conference yesterday: "I will report it to five relevant cabinet ministers," indicating that the five cabinet ministers would reconsider what response Japan should take.

## 12) Guam relocation to shift to cabinet-level talks

TOKYO SHIMBUN (Page 2) (Abridged)  
April 7, 2006

Japan and the United States ended senior-working-level talks held in Washington on the realignment of US forces in Japan yesterday, one day earlier than scheduled. They failed to reach a settlement on the cost for relocating US Marine Corps from Okinawa to Guam. Working-level officials are scheduled to meet again on April 13-14 in Tokyo. Given difficulties in administrative-level talks, Defense Agency Director General Fukushima Nukaga is expected to take part in talks.

In the talks in Washington, the US asked Japan to pay 7.5 billion

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dollars of the estimated 10 billion dollars for building military facilities, including infrastructure, in Guam. Japan, on the other hand, announced its willingness to contribute 3 billion dollars, mostly loans. The two sides remained wide apart.

The focus will shift to America's efforts to constrain the cost and Japan's coordination to determine its share. In the Japanese government, there is strong resistance to shouldering a large share, especially in the Finance Ministry. As a result, Nukaga is likely to deal directly with the US after working out measures with Chief Cabinet Secretary Shinzo Abe, Foreign Minister Taro Aso, and Finance Minister Sadakazu Tanigaki.

## 13) US aircraft drops fuel over Tama River

TOKYO SHIMBUN (Page 27) (Abridged)  
April 7, 2006

Around 10:15 a.m. April 6, a C130 transport airplane suddenly made three sharp turns while emitting something that appeared to be a vapor trail from its right wing in the sky above the Tama River in Hamura City, Tokyo. Freelance journalist Kenji Kawashima, 58, captured this moment in a photograph.

The aircraft repeated the maneuver about 300 meters above the Tama River. A Yokota Air Base Public Affairs official commented: "The aircraft ejected some fuel in order to lower the gas pressure in the fuel tank. It was nothing unusual."

Kawashima presented the photograph to the city. A city official responsible for base affairs then asked Yokota Air Base about the vapor through the Yokota Defense Facilities Administration Office. In response, the office quoted the base as explaining the vapor as steam released from the fuel tank. The office later revised its reply and announced that it was fuel, not steam.

Yokota Air Base has 13 C130 propeller planes on a regular basis.

14) Tokyo, Moscow agree to urge Pyongyang to come back to talks

MAINICHI (Page 5) (Full)  
April 7, 2006

Foreign Ministry Asia and Oceanian Affairs Bureau Director General Kenichiro Sasae, Japan's chief delegate to the six-party talks on North Korea's nuclear ambitions, yesterday met with the Russian delegate, Vice Foreign Minister Alexeieff, at the Foreign Ministry. They agreed to work on Pyongyang to come back to the six-party talks promptly and unconditionally.

15) Japan-Russia summit in July

ASAHI (Page 4) (Excerpts)  
April 7, 2006

A meeting of senior Japanese and Russian government officials was held yesterday at the Foreign Ministry's Iikura Guest House in Tokyo. The two sides have agreed to hold a summit between Prime Minister Junichiro Koizumi and President Vladimir Putin on the sidelines of the Group of Eight (G8) Summit, which will take place in Russia in July. They also have agreed to hold a Japan-Russia foreign ministerial on the sidelines of the G8 foreign ministerial talks planned for June in Russia.

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16) Six-party negotiators to assemble in Tokyo; Chinese vice minister to visit Japan

ASAHI (Page 1) (Excerpts)  
April 7, 2006

Yusaku Yamane, Beijing

The Chinese Foreign Ministry announced yesterday that Vice Foreign Minister Wu Dawei, chair of the six-party talks on North Korea's nuclear program, would visit Japan soon. Chief negotiators of the six-party talks, including North Korean Vice Foreign Minister Kim Kye Gwan and US Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill, plan to visit Tokyo to attend a conference sponsored by a private sector organization, which will start on April 9. Negotiations will be carried out in Tokyo on a resumption of the six-party talks, which have been suspended since the United States invoked financial sanctions against North Korea, as well as on the North's nuclear issue.

17) Japan to sound China out on a foreign ministerial meeting in Qatar next month

YOMIURI (Page 4) (Excerpts)  
April 7, 2006

Foreign Minister Taro Aso decided yesterday to attend an Asia Cooperation Dialogue meeting to be held May 23-24 in Qatar. Since Chinese Foreign Minister Li Zhaoxing is likely to take part in the session, the Japanese side intends to sound China out on a meeting between Aso and Li there.

Japan-China foreign ministerial talks have been suspended since Prime Minister Junichiro Koizumi visited Yasukuni Shrine last October. If realized, Aso will meet with his Chinese counterpart for the first time.

18) Japan, Saudi Arabia in joint statement confirm need for diplomatic solution to Iranian nuclear issue

SANKEI (Page 5) (Slightly abridged)  
April 7, 2006

Prime Minister Junichiro Koizumi and visiting Saudi Arabian Crown Prince Abdullah ibn Abd al-Azis issued a joint statement after



their meeting at the Prime Minister's Official Residence last night. The statement reiterated the importance of resolving the Iranian nuclear issue diplomatically.

The statement noted: "It is important to make the Middle East a region in which there are no weapons of mass destruction or transport means for such weapons." It also specified (1) the need to promote high-level political dialogue, including a foreign ministerial; (2) Saudi Arabia's support for Japan's bid for a permanent seat on the United Nations Security Council; and (3) welcoming the decision to start negotiations on concluding a free trade agreement (FTA) between Japan and the Gulf Cooperation Council (GCC).

Referring to Iraq's reconstruction, Prime Minister Koizumi said:

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"I hope that Iraq will swiftly establish a new government and that the Iraqi people will make efforts to build their country."

19) Ongoing economic expansion ties "bubble" economy

SANKEI (Page 1) (Lead paragraph)  
April 7, 2006

A key gauge of the current state of the economy stood above the boom-or-bust line of 50% in February for the seventh straight month. The index of coincident economic indicators - released by the Cabinet Office yesterday - reached 55.6% (95% of last month). The index of leading indicators, predicting economic developments months ahead, also stood at 80% (81.8% of last month). It seems that Japan is experiencing its second-longest period of economic expansion in the postwar era, tying the "bubble" economy. Some observers anticipate that the current economic expansion could continue until November and surpass the "Izanagi economy," which marked the longest period of economic growth.

20) FSC rules out political impact behind mass resignation of Prion Expert Council members

ASAHI (Page 2) (Full)  
April 7, 2006

Half the members of the Food Safety Commission's (FSC) Prion Experts Council, which has been responsible for discussing the safety of US beef, have stepped down. Referring to this, Chairman Masaaki Terada yesterday noted: "It is not my understanding that they resigned because they were dissatisfied. According to what I have learned through direct talks with them, they resigned because they judged that if they continued to dedicate themselves to their activities as panel members, they would not be able to pursue research or teaching." He thus countered the view that those members were forced to quit because they had been wary of resuming US beef exports.

Commenting on the reasons for their resignations, Terada noted, "It is not possible that there was any political influence."

SCHIEFFER